



The State of Delaware

FY24 Planning Considerations

State Employee Benefits Committee Meeting

March 20, 2023

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March 2023 long-term projections

GHIP long term health care cost projections

March 2023 update

- The GHIP long-term projections have been updated based on experience through February 2023
- In addition to updated experience through February, the long-term projections now reflect the following initiatives adopted by the SEBC as of the March 6th, 2023 SEBC meeting, effective beginning in FY24:
 - Prudent Rx savings of \$6.6M
 - Weight loss medication coverage with utilization management (\$1.8M cost increase)
 - Increases in hospital outpatient surgery, hospital based high-tech imaging and Rx copays (cumulative savings of \$0.8M)
- The table below reconciles the current projected deficits relative to the projections presented to the Financial Subcommittee in February:

Component (\$M)	Description	FY23	FY24
February 2023 Projected Surplus/(Deficit)		(\$24.9)	(\$138.1)
Change in balance forward	Reflects change in starting fund balance due to prior year updates, including change in reserves	\$0.0	(\$3.0)
Experience	Updated claims experience through February 2023	(\$4.5)	(\$4.4)
Updated other revenues	Includes revised EGWP payments, pharmacy rebates and participating group fees through February 2023	\$1.1	(\$0.6)
Weight loss Rx	Implement weight-loss medication coverage with utilization management	\$0.0	(\$1.8)
Prudent Rx	Prudent Rx savings	\$0.0	\$6.6
Increased copays	Savings from increases in hospital outpatient surgery, high-tech hospital-based imaging, and Rx copays	\$0.0	\$0.8
Subtotal	Total Changes	(\$3.4)	(\$2.4)
March 2023 Projected Surplus/(Deficit)		(\$28.3)	(\$140.5)

GHIP long term health care cost projections

March 2023 update – Hold premium rates flat FY24+

GHIP Costs (\$ millions) ¹	FY22	FY23	FY24	FY25	FY26	FY27
	Actual	Projected	Projected	Projected	Projected	Projected
Average Enrolled Members	130,141	131,442	132,756	134,084	135,425	136,779
GHIP Revenues						
Premium Contributions ²	\$839.7	\$906.2	\$915.3	\$924.4	\$933.6	\$942.9
<i>Hold premium rates flat FY24+</i>						
Other Revenues ³	\$194.7	\$183.3	\$215.6	\$221.1	\$237.8	\$257.5
Total Operating Revenues	\$1,034.4	\$1,089.5	\$1,130.9	\$1,145.5	\$1,171.4	\$1,200.4
GHIP Expenses						
Operating Expenses ⁴	\$1,029.6	\$1,177.4	\$1,238.1	\$1,304.9	\$1,392.9	\$1,487.4
<i>% Change Per Member</i>	2.1%	13.2%	4.1%	4.4%	5.7%	5.7%
Adjusted Net Income	\$4.8	(\$87.9)	(\$107.2)	(\$159.4)	(\$221.5)	(\$287.0)
Balance Forward	\$152.3	\$157.2	\$69.3	(\$37.9)	(\$197.3)	(\$418.8)
Ending Balance	\$157.2	\$69.3	(\$37.9)	(\$197.3)	(\$418.8)	(\$705.8)
- Less Claims Liability ⁵	\$61.0	\$69.8	\$73.4	\$77.4	\$82.6	\$88.2
- Less Minimum Reserve ⁵	\$24.3	\$27.8	\$29.2	\$30.8	\$32.9	\$35.1
GHIP Surplus (After Reserves/Deposits)	\$71.9	(\$28.3)	(\$140.5)	(\$305.5)	(\$534.3)	(\$829.1)

- Projections reflect all items voted on by SEBC as of March 6th, 2023 SEBC meeting and assume no additional program or legislative changes impacting GHIP spend
- Excludes potential impact of the Primary Care law (unknown if it will impact GHIP)
- Every 1% increase in healthcare trend (medical + Rx) will increase FY24 claims by \$11.4M

GHIP long term health care cost projections (March 2023 update)

Premium rate increase scenarios

- Projected **\$140.5** FY24 deficit driven by:
 - GHIP surplus fully depleted by end of FY23
 - Health care trend (5% medical, 8% pharmacy)
 - Economic environment (i.e., inflation) may warrant an increase to trend assumptions
 - Unfavorable claims experience in FY23 Q1 and Q2, partly driven by downstream COVID-19 impacts
- Absent any additional program changes, a **16.8% rate increase effective 7/1/2023** is required to solve for the **\$140.5M projected FY24 deficit**
 - Loss of available surplus to offset premium increases by end of FY23 results in larger rate action needed to solve for FY24 deficit
 - Average annual rate increases will be more closely aligned with health care trend once \$0 deficit is reached
- Smoothing the rate increase over three years to solve for FY26 deficit requires approximate 9.4% annual rate increases per year in FY24, FY25 and FY26
- ***Impact of Delaware legislative activity and upward pressures on health care trend may drive projected deficits higher absent additional program changes***

GHIP long term health care cost projections (March 2023 update)

Premium rate increase scenarios

- Financial Subcommittee met on March 13th to review FY24 premium alternatives
 - Subcommittee feedback: comfortable with both premium alternatives presented, including:
 - One-time rate action to solve for the FY24 deficit (16.8%)
 - Three-year smoothing approach to target \$0 deficit in FY26 (9.4% annual increases in FY24, FY25 and FY26)
- Today's goal: SEBC to vote on FY24 rate action**
- The following pros/cons for the two premium alternatives should be considered when deciding on FY24 rate action:

Rate increase scenarios	Pros	Cons
Target \$0 deficit in FY24 (16.8% rate increase effective 7/1/23)	<ul style="list-style-type: none"> Solves for projected deficit in one-year Compounding effect minimizes projected rate actions in subsequent years Minimizes risk of funding deficits (after reserves) 	<ul style="list-style-type: none"> Most disruptive to employees/pensioners May require reallocation of monies set aside in State Budget Risk of over-funding if FY24 experience more favorable than trend
Smooth rate increase over three-years (9.4% annual rate increases in FY24, FY25 and FY26)	<ul style="list-style-type: none"> Minimizes impact on State budget and employee/pensioner contributions More predictable rate actions over next three years Ability to capture future program initiatives and savings opportunities (e.g., CVS market check) expected to reduce future deficits 	<ul style="list-style-type: none"> Creates funding deficits in FY24 and FY25 (after reserves) Higher than projected trends could lead to negative balance in Fund Minimizes impact compounding will have on future revenues (FY26 contributions would be 4.8% higher under this approach)

GHIP long term health care cost projections

March 2023 update – 16.8% rate increase FY24

GHIP Costs (\$ millions) ¹	FY22	FY23	FY24	FY25	FY26	FY27
	Actual	Projected	Projected	Projected	Projected	Projected
Average Enrolled Members	130,141	131,442	132,756	134,084	135,425	136,779
GHIP Revenues						
Premium Contributions ²	\$839.7	\$906.2	\$915.3	\$1,080.1	\$1,090.8	\$1,101.7
16.8% rate increase FY24			\$140.5			
Other Revenues ³	\$194.7	\$183.3	\$215.6	\$221.1	\$237.8	\$257.5
Total Operating Revenues	\$1,034.4	\$1,089.5	\$1,271.4	\$1,301.2	\$1,328.6	\$1,359.2
GHIP Expenses						
Operating Expenses ⁴	\$1,029.6	\$1,177.4	\$1,238.1	\$1,304.9	\$1,392.9	\$1,487.4
% Change Per Member	2.1%	13.2%	4.1%	4.4%	5.7%	5.7%
Adjusted Net Income	\$4.8	(\$87.9)	\$33.3	(\$3.7)	(\$64.3)	(\$128.2)
Balance Forward	\$152.3	\$157.2	\$69.3	\$102.6	\$98.9	\$34.6
Ending Balance	\$157.2	\$69.3	\$102.6	\$98.9	\$34.6	(\$93.6)
- Less Claims Liability ⁵	\$61.0	\$69.8	\$73.4	\$77.4	\$82.6	\$88.2
- Less Minimum Reserve ⁵	\$24.3	\$27.8	\$29.2	\$30.8	\$32.9	\$35.1
GHIP Surplus (After Reserves/Deposits)	\$71.9	(\$28.3)	\$0.0	(\$9.3)	(\$80.9)	(\$216.9)

- Projections reflect all items voted on by SEBC as of March 6th, 2023 SEBC meeting and assume no additional program or legislative changes impacting GHIP spend
- Excludes potential impact of the Primary Care law (unknown if it will impact GHIP)
- Every 1% increase in healthcare trend (medical + Rx) will increase FY24 claims by \$11.4M

GHIP long term health care cost projections

March 2023 update – 9.4% rate increase FY24-FY26 (3-year smoothing method)

GHIP Costs (\$ millions) ¹	FY22	FY23	FY24	FY25	FY26	FY27
	Actual	Projected	Projected	Projected	Projected	Projected
Average Enrolled Members	130,141	131,442	132,756	134,084	135,425	136,779
GHIP Revenues						
Premium Contributions ²	\$839.7	\$906.2	\$915.3	\$924.4	\$933.6	\$1,236.2
<i>9.4% rate increase FY24-FY26</i>			\$78.8	\$174.5	\$281.0	
Other Revenues ³	\$194.7	\$183.3	\$215.6	\$221.1	\$237.8	\$257.5
Total Operating Revenues	\$1,034.4	\$1,089.5	\$1,209.7	\$1,320.0	\$1,452.4	\$1,493.7
GHIP Expenses						
Operating Expenses ⁴	\$1,029.6	\$1,177.4	\$1,238.1	\$1,304.9	\$1,392.9	\$1,487.4
<i>% Change Per Member</i>	2.1%	13.2%	4.1%	4.4%	5.7%	5.7%
Adjusted Net Income	\$4.8	(\$87.9)	(\$28.4)	\$15.1	\$59.5	\$6.3
Balance Forward	\$152.3	\$157.2	\$69.3	\$40.9	\$56.0	\$115.5
Ending Balance	\$157.2	\$69.3	\$40.9	\$56.0	\$115.5	\$121.8
- Less Claims Liability ⁵	\$61.0	\$69.8	\$73.4	\$77.4	\$82.6	\$88.2
- Less Minimum Reserve ⁵	\$24.3	\$27.8	\$29.2	\$30.8	\$32.9	\$35.1
GHIP Surplus (After Reserves/Deposits)	\$71.9	(\$28.3)	(\$61.7)	(\$52.2)	\$0.0	(\$1.5)

- Projections reflect all items voted on by SEBC as of March 6th, 2023 SEBC meeting and assume no additional program or legislative changes impacting GHIP spend
- Excludes potential impact of the Primary Care law (unknown if it will impact GHIP)
- Every 1% increase in healthcare trend (medical + Rx) will increase FY24 claims by \$11.4M

FY24 monthly rates and employee/retiree contributions

Illustrative: 16.8% increase effective 7/1/2023

- FY24 reflects employee contribution increases of \$5.08 - \$49.82 per employee per month (\$60.96 - \$597.84 per year) and State subsidy increases of \$121.88 - \$328.80 per employee per month (\$1,462.56 - \$3,945.60 per year) effective 7/1/2023

	FY 2023			FY 2024 with Increase			\$ Change Employee/ Pensioner Contribution		\$ Change State Subsidy	
	Rate	Employee Contribution	State Subsidy	Rate	Employee Contribution	State Subsidy	Monthly	Annual	Monthly	Annual
First State Basic										
Employee	\$755.64	\$30.22	\$725.42	\$882.60	\$35.30	\$847.30	\$5.08	\$60.96	\$121.88	\$1,462.56
Employee + Spouse	\$1,563.42	\$62.54	\$1,500.88	\$1,826.08	\$73.06	\$1,753.02	\$10.52	\$126.24	\$252.14	\$3,025.68
Employee + Child	\$1,148.66	\$45.94	\$1,102.72	\$1,341.64	\$53.66	\$1,287.98	\$7.72	\$92.64	\$185.26	\$2,223.12
Family	\$1,954.34	\$78.18	\$1,876.16	\$2,282.68	\$91.32	\$2,191.36	\$13.14	\$157.68	\$315.20	\$3,782.40
CDH Gold										
Employee	\$782.08	\$39.10	\$742.98	\$913.48	\$45.68	\$867.80	\$6.58	\$78.96	\$124.82	\$1,497.84
Employee + Spouse	\$1,621.60	\$81.08	\$1,540.52	\$1,894.04	\$94.70	\$1,799.34	\$13.62	\$163.44	\$258.82	\$3,105.84
Employee + Child	\$1,194.90	\$59.74	\$1,135.16	\$1,395.64	\$69.78	\$1,325.86	\$10.04	\$120.48	\$190.70	\$2,288.40
Family	\$2,060.10	\$103.00	\$1,957.10	\$2,406.20	\$120.30	\$2,285.90	\$17.30	\$207.60	\$328.80	\$3,945.60
Aetna HMO										
Employee	\$788.88	\$51.28	\$737.60	\$921.42	\$59.90	\$861.52	\$8.62	\$103.44	\$123.92	\$1,487.04
Employee + Spouse	\$1,663.28	\$108.12	\$1,555.16	\$1,942.72	\$126.28	\$1,816.44	\$18.16	\$217.92	\$261.28	\$3,135.36
Employee + Child	\$1,206.80	\$78.44	\$1,128.36	\$1,409.54	\$91.62	\$1,317.92	\$13.18	\$158.16	\$189.56	\$2,274.72
Family	\$2,075.40	\$134.90	\$1,940.50	\$2,424.08	\$157.56	\$2,266.52	\$22.66	\$271.92	\$326.02	\$3,912.24
Comprehensive PPO										
Employee	\$862.68	\$114.30	\$748.38	\$1,007.62	\$133.50	\$874.12	\$19.20	\$230.40	\$125.74	\$1,508.88
Employee + Spouse	\$1,790.16	\$237.20	\$1,552.96	\$2,090.92	\$277.06	\$1,813.86	\$39.86	\$478.32	\$260.90	\$3,130.80
Employee + Child	\$1,329.54	\$176.16	\$1,153.38	\$1,552.90	\$205.76	\$1,347.14	\$29.60	\$355.20	\$193.76	\$2,325.12
Family	\$2,237.94	\$296.52	\$1,941.42	\$2,613.92	\$346.34	\$2,267.58	\$49.82	\$597.84	\$326.16	\$3,913.92

FY24 monthly rates and employee/retiree contributions

Illustrative: 9.4% increase effective 7/1/2023

- FY24 reflects employee contribution increases of \$2.84 - \$27.88 per employee per month (\$34.08 - \$334.56 per year) and State subsidy increases of \$68.20 - \$183.98 per employee per month (\$818.40 - \$2,207.76 per year) effective 7/1/2023

	FY 2023			FY 2024 with Increase			\$ Change Employee/ Pensioner Contribution		\$ Change State Subsidy	
	Rate	Employee Contribution	State Subsidy	Rate	Employee Contribution	State Subsidy	Monthly	Annual	Monthly	Annual
First State Basic										
Employee	\$755.64	\$30.22	\$725.42	\$826.68	\$33.06	\$793.62	\$2.84	\$34.08	\$68.20	\$818.40
Employee + Spouse	\$1,563.42	\$62.54	\$1,500.88	\$1,710.38	\$68.42	\$1,641.96	\$5.88	\$70.56	\$141.08	\$1,692.96
Employee + Child	\$1,148.66	\$45.94	\$1,102.72	\$1,256.64	\$50.26	\$1,206.38	\$4.32	\$51.84	\$103.66	\$1,243.92
Family	\$1,954.34	\$78.18	\$1,876.16	\$2,138.06	\$85.54	\$2,052.52	\$7.36	\$88.32	\$176.36	\$2,116.32
CDH Gold										
Employee	\$782.08	\$39.10	\$742.98	\$855.60	\$42.78	\$812.82	\$3.68	\$44.16	\$69.84	\$838.08
Employee + Spouse	\$1,621.60	\$81.08	\$1,540.52	\$1,774.04	\$88.70	\$1,685.34	\$7.62	\$91.44	\$144.82	\$1,737.84
Employee + Child	\$1,194.90	\$59.74	\$1,135.16	\$1,307.22	\$65.36	\$1,241.86	\$5.62	\$67.44	\$106.70	\$1,280.40
Family	\$2,060.10	\$103.00	\$1,957.10	\$2,253.76	\$112.68	\$2,141.08	\$9.68	\$116.16	\$183.98	\$2,207.76
Aetna HMO										
Employee	\$788.88	\$51.28	\$737.60	\$863.04	\$56.10	\$806.94	\$4.82	\$57.84	\$69.34	\$832.08
Employee + Spouse	\$1,663.28	\$108.12	\$1,555.16	\$1,819.64	\$118.28	\$1,701.36	\$10.16	\$121.92	\$146.20	\$1,754.40
Employee + Child	\$1,206.80	\$78.44	\$1,128.36	\$1,320.24	\$85.82	\$1,234.42	\$7.38	\$88.56	\$106.06	\$1,272.72
Family	\$2,075.40	\$134.90	\$1,940.50	\$2,270.50	\$147.58	\$2,122.92	\$12.68	\$152.16	\$182.42	\$2,189.04
Comprehensive PPO										
Employee	\$862.68	\$114.30	\$748.38	\$943.78	\$125.04	\$818.74	\$10.74	\$128.88	\$70.36	\$844.32
Employee + Spouse	\$1,790.16	\$237.20	\$1,552.96	\$1,958.44	\$259.50	\$1,698.94	\$22.30	\$267.60	\$145.98	\$1,751.76
Employee + Child	\$1,329.54	\$176.16	\$1,153.38	\$1,454.52	\$192.72	\$1,261.80	\$16.56	\$198.72	\$108.42	\$1,301.04
Family	\$2,237.94	\$296.52	\$1,941.42	\$2,448.32	\$324.40	\$2,123.92	\$27.88	\$334.56	\$182.50	\$2,190.00

Aetna's Gene-Based, Cellular and other Innovative Therapies (GCIT) Network

Cell and gene therapy (CGT)

Achieving normal expression and function of cells makes a big impact on our overall health

- Topic reviewed with Health Policy & Planning Subcommittee during the last several meetings
 - Goal: achieve the normal expression and function of cells to treat an inherited or developed disease
 - Treatment involves introducing new genetic material into the cells of a patient to help the body make cells that can either treat or fully resolve the condition or disease
- Conditions treated include spinal muscular atrophy, certain diseases of the retina, hemophilia, and certain lymphomas and myelomas that are resistant to first line treatment
- CGT is currently covered under the GHIP for Highmark and Aetna non-Medicare plan participants
 - Utilization of these therapies under the GHIP is very low; from July 2021 through February 2023, only two plan participants utilized a CGT (both in FY22)
 - Total plan payment: \$2,800, reflects coordination with Medicare (primary payer); if GHIP were primary, total plan cost estimated to be \$300,000
 - Future utilization of at least one additional CGT may be possible: Hemgenix for hemophilia (just approved by FDA on 11/22/2022, with price tag of \$3.5M for a one-time administration that replaces ongoing treatment)

Clinical and financial management opportunities for CGT

- Both medical carriers have utilization management protocols in place to ensure the clinical appropriateness of these services
 - Includes site-of-care steerage to most clinically appropriate place of service, with prior authorization required
 - Does not address the unit price of CGT treatment (i.e., still possible for providers to apply a mark-up)
- Both medical carriers have designated centers of excellence (COEs) for CGT treatment
- Aetna has an additional offering that is not in place today: a designated network, with case-specific pricing negotiations and travel/lodging support for members, called the Gene-Based, Cellular and other Innovative Therapies (GCIT) Network

Aetna's GCIT Network could reduce total cost of care for the GHIP and its Aetna members, with the following trade-off: requires members to use narrower network of high-quality providers to access selected CGT at a lower total cost

Aetna's GCIT Network

- Available for the following CGT:
 - **Luxturna**: diseases of the retina can cause night blindness, light sensitivity, progressive vision loss
 - **Spinraza** and **Zolgensma**: spinal muscular atrophy
 - There is no GHIP member use of these therapies for the entire FY22 plan year through the present
 - There are 3 therapies that Aetna is looking to add to the GCIT network in the future: Hemgenix, Skysona & Zynteglo, all which received FDA approval in the latter part of 2022
- GCIT Network consists of 130 centers of excellence across the country delivering high quality care
 - Includes the following providers in Delaware or surrounding states¹:
 - Nemours Children's Hospital Delaware (Spinraza and Zolgensma)
 - Children's Hospital of Philadelphia (Luxturna, Spinraza and Zolgensma)
 - Penn Presbyterian Medical Center, Scheie Eye Institute (Luxturna only)
 - Hospital of the University of Pennsylvania Health System (Spinraza only)
 - Milton Hershey Medical Center, Pennsylvania State University (Spinraza and Zolgensma)

¹ Source: <https://www.aetna.com/content/dam/aetna/pdfs/health-care-professionals/GCIT-designated-providers.pdf>. Retrieved 2/7/2023.

Aetna's GCIT network (continued)

- Discounted pricing negotiated with CGT manufacturers
 - Savings achieved by Aetna negotiation with providers to maintain reimbursement for these therapies at cost with no mark-up and improved quality of care
- Aetna clinical care coordination team supports members through entire process
 - Integrated with Aetna One Advisor care management program (in place today)
 - Including member assistance with travel plans and cost
 - Travel and lodging reimbursement is available for patients and a companion who must travel over 100 miles from the member's residence
 - This benefit is the same as the travel and lodging allowance that is available to GHIP members when using Aetna's Institutes of Excellence/Quality networks
- No additional cost or administrative fees associated with adopting the GCIT Network
- Subcommittee feedback: supportive of adopting Aetna's GCIT Network
 - **SEBC to consider voting on adoption of Aetna's GCIT Network at today's meeting**

Weight Management Strategy

A comprehensive weight management approach leverages a variety of resources



Direct to consumer

- OTC and nutritional supplements
- Weight management and food vendors
- Medical tourism for medications and bariatric surgery
- Alternative interventions (e.g., hypnosis, acupuncture)



Behavioral health

- Complex interrelationship between obesity and mental health
- Adults who carry excess weight struggle with depression and other mental health disorders
- Effective treatment must take both obesity and mental health into account
- Intensive behavioral therapy is an important component of care for patients with obesity



Weight management vendors

- Behavior and lifestyle changes
- Nutrition and wellness coaching
- Financial incentives
- Combining techniques for holistic approach



Bariatric surgery

- Procedures range in complexity and require high quality facilities and trained staff to limit the risk of postoperative complications
- Requires lifestyle changes after surgery
- Has the highest degree of weight loss



Anti-obesity medications (AOM)

- FDA approved medications
- Medically supervised weight loss
- Intensive lifestyle therapy

Sources: <https://www.fda.gov/media/130422/download>, <https://www.ncoa.org/article/how-excess-weight-impacts-our-mental-and-emotional-health>.

Current GHIP resources to support weight loss and management



Direct to consumer

- Discounts on gym memberships, weight loss programs and meal plans available through the medical plan
- Online education, recipes and videos available on Highmark and Aetna member websites
- Obesity screening and counseling, nutrition counseling and wellness coaching are available through the medical plan
- Delaware's Physical Activity, Nutrition and Obesity Prevention Program available to all residents of Delaware
- Healthy Delaware provides online education



Behavioral health

- ComPsych Employee Assistance Program available to all State and participating group employees and non-Medicare pensioners (access extended past end of the COVID-19 public health emergency until 6/30/2024)
- Programs through the medical plan such as Aetna: 360 Behavioral Health Support, AbleTo; Highmark: Bright Heart Health, Well360 virtual behavioral health
- Other public health resources such as the Delaware Division of Substance Abuse and Mental Health Crisis Hotline



Weight management vendors

- Diabetes Prevention Programs offered through Solera (Aetna members), Livongo (Highmark members) and the YMCA of Delaware



Bariatric surgery through SurgeryPlus

- Access to high quality surgeons of excellence with no out-of-pocket costs for plan participants
- Includes concierge service and travel benefits to support members seeking surgery



Anti-obesity medications (AOM)

- Coverage for this class of medications will be added to the CVS prescription drug benefit for active employees and non-Medicare retirees effective July 1, 2023

Additional details can be found on the Statewide Benefits Office Weight Management Resources webpage: <https://dhr.delaware.gov/benefits/weight-management/index.shtml>

Prior authorization requirements for weight management medications

- Prior authorization requirements align with the FDA label for each medication and current clinical guidelines for standard of care and evidence-based clinical literature for weight loss.
- For a member newly utilizing weight loss medications, this includes certain requirements:
 - a diagnosis of obesity or overweight with at least one weight related comorbid condition (e.g., hypertension, type 2 diabetes mellitus or dyslipidemia),
 - previous participation in a comprehensive weight management program, and
 - continued use with a reduced calorie diet and exercise.
 - For select medications, the criteria varies for pediatric patients 12 years of age and older.
- Typically for a member already utilizing weight loss medications, the requirements include the patient achieving or maintaining a positive clinical response. Documentation is required for approval.

Appendix

GHIP historical health care fund information

FY17-FY21 actual

GHIP Costs (\$ millions) ¹	FY17	FY18	FY19	FY20	FY21
	Actual	Actual	Actual	Actual	Actual
Average Enrolled Members	123,132	125,488	126,360	128,531	129,768
GHIP Revenues					
Premium Contributions ²	\$799.0	\$810.9	\$817.4	\$830.8	\$839.4
<i>Hold premium rates flat FY23+</i>	-	-	-	-	-
Other Revenues ³	\$81.6	\$92.1	\$98.5	\$122.8	\$128.9
Total Operating Revenues	\$880.6	\$903.0	\$915.9	\$953.7	\$968.3
GHIP Expenses					
Operating Expenses ⁴	\$816.8	\$853.9	\$904.0	\$927.7	\$1,005.7
<i>% Change Per Member</i>		2.6%	5.1%	0.9%	7.4%
Adjusted Net Income	\$63.8	\$49.1	\$11.9	\$26.0	(\$37.4)
Balance Forward	\$38.9	\$102.7	\$151.8	\$163.8	\$189.8
Ending Balance	\$102.7	\$151.8	\$163.8	\$189.8	\$152.3
- Less Claims Liability ⁵	\$54.0	\$58.9	\$58.8	\$57.5	\$57.5
- Less Minimum Reserve ⁵	\$24.0	\$24.0	\$24.3	\$24.3	\$24.3
GHIP Surplus (After Reserves/Deposits)	\$24.7	\$68.9	\$80.7	\$108.0	\$70.5

GHIP long term health care cost projection footnotes

Note: FY17-FY22 actuals based on final June Fund Equity reports for respective fiscal year; FY23+ projected operating expenses and enrollment based on experience through December 2022 (claims experience updated based on OMB weekly claims analysis through February 2023); assumed 1% annual enrollment growth; numbers in table may not add up due to rounding

1. FY23-FY27 projections based on 5% medical, 8% pharmacy baseline trend; assumes 1% annual growth in GHIP membership; assumes Medicfill plan remains in place FY23-FY27 at CY22 premium rates
2. Includes State and employee/pensioner premium contributions; assumes 1% annual enrollment growth for FY23-FY27
3. Includes Rx rebates, EGWP payments, other revenues based on when revenues will be received; FY23 and beyond includes estimated improvements in Rx rebates based on result of PBM award to CVS Health; rebates assumed to be paid 60 days after the quarter adjudicated; includes fees for participating non-State groups (assumed to increase proportionally with membership and premium growth)
4. FY23 and beyond includes estimated reduction in pharmacy claims as a result of PBM award to CVS Health; reflects FY24 savings initiatives voted on by SEBC as of most recent SEBC meeting, including Hinge Health (\$4M savings), bariatric surgery carve-out to SurgeryPlus (\$1M savings), CVS Transform Diabetes Care and Drug Savings Review (\$1.5M savings), Prudent Rx (\$6.6M savings), increases in hospital outpatient surgery, hospital based high-tech imaging and Rx copays (\$0.8M cumulative savings); reflects cost increases associated with House Bill 303 (\$2.4M annual cost effective 1/1/24) and weight loss medication coverage with utilization management (\$1.8M annual cost effective FY24); excludes impact of the Primary Care law (unknown if it will impact GHIP)
5. Minimum Reserve and Claim Liability updated for FY23; reserves in future years assumed to increase with overall GHIP claims growth

It is evident that the COVID-19 pandemic will have an impact on health care costs. We have used available information and reasonable estimation techniques to develop health care cost estimates for the GHIP that reflect the impact of COVID-19. However due to the high degree of uncertainty associated with this pandemic, results may vary from the estimates provided.